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Message Text

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PAGE 01 STATE 141205
ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-07 COME-00 TRSE-00 OPIC-03
AID-05 IGA-02 L-03 /037 R

EXIMBANK

DRAFTED BY XMB: L M LAROCHE:EMC
APPROVED BY EB/IFD/ODF:FHTHOMAS
XMB: CLAYTON NORRIS
EUR/SE:RRDELABARRE
----------171904Z 118705 /43
P R 171837Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
INFO AMCONSUL ISTANBUL
AMCONSUL ADANA
AMCONSUL IZMIR

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E.O. 11652: N/A

TAGS: EFIN, TU

SUBJECT: EXIM FINANCING FOR TKI

REFERENCE: ANKARA 1437

1. AT URGING OF CATERPILLAR AND CUKUROVA TRADING CO. TO SUBMIT PC REQUEST TO COVER 1977 AS FIRST YEAR OF 5-YEAR
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PROCUREMENT PROGRAM, TKI ON 11 MAY 77 SENT A LETTER TO EXIM CONTAINING A LIST OF U.S. PROCUREMENT FOR 1977 ALONE TOTALING DLRS 70.5 MILLION IN U.S. COSTS, BUT WITHOUT EXPLICITLY REQUESTING A PC. THIS WAS IN CONTRAST TO 5-YEAR LIST PRESENTED IN ANKARA IN FEBRUARY TOTALING DLRS 81 MILLION. EXIM HAD TOLD TKI IN FEBRUARY THAT IF LIST WERE BROKEN DOWN INTO ANNUAL LOTS (OF ABOUT DLRS 20 MILLION EACH), IT MIGHT THEN FIT WITHIN EXIMBANK'S POLICY APPROACH AND SIZE LIMITATIONS FOR TURKEY.

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2. CATERPILLAR HAS COMMITMENT FROM FIRST WISCONSIN NATIONAL BANK, BASED ON DLRS 20 MILLION IN U.S. COSTS, TO LEND AMOUNT EQUAL TO FIRST 4 OF 10 INSTALLMENTS WITHOUT EXIM GUARANTEE, AND CATERPILLAR HAS VOLUNTEERED TO PARTICIPATE BY LENDING 5TH INSTALLMENT, WITH EXIMBANK TO LEND HALF OF FINANCED PORTION, REPAYABLE IN LAST 5 INSTALLMENTS. CASH PAYMENT OF 20 PCT. WAS CONTEMPLATED.

3. EXIM HAS INFORMED CATERPILLAR THAT FIRST, SIZE OF TRANSACTION WOULD HAVE TO BE KEPT WITHIN DLRS 20 MILLION RANGE. (AS INDICATED IN 11 APRIL 77 TELEX FROM EXIM TO TKI, WOULD ALSO NEED 1976 ANNUAL REPORT, OR 1975 IF 1976 UNAVAILABLE AT PRESENT).

4. SECOND, AND MOST IMPORTANTLY, DUE TO DETERIORATION IN TURKISH EXTERNAL PAYMENTS SITUATION (INCLUDING A DLRS 10,473 SHORT-TERM INSURANCE CLAIM OF WHICH EMBASSY WILL BE ADVISED SEPARATELY), EXIM IS NOT PREPARED TO GIVE CONSIDERATION TO REQUEST AT THIS TIME. EXIM HAS SUGGESTED THAT CATERPILLAR KEEP IN TOUCH WITH A VIEW TO CATERPILLAR RESUBMITTING REQUEST ITSELF FOR LATER CONSIDERATION, DEPENDING UPON SIGNS OF IMPROVEMENT IN PAYMENTS SITUATION, INCLUDING, BUT NOT LIMITED TO, ADOPTION OF AN APPROPRIATE ECONOMIC STABILIZATION PROGRAM AND AGREEMENT WITH THE IMF ON A STANDBY ARRANGEMENT.

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5. IN VIEW OF COMMUNICATIONS DIFFICULTIES AND IN ORDER TO SPARE TKI POSSIBLE EMBARRASSMENT OF A DIRECT DENIAL, EMBASSY IS REQUESTED, IN CONSULTATION WITH CAT DEALER, CUKUROVA, IF APPROPRIATE, TO MEET WITH TKI (LETTER WAS SIGNED BY SEFIK OZANOZGU, DEPUTY GENERAL MANAGER, TECHNICAL, AND N. TURAN OZTURK, CHIEF, RESEARCH, PLANNING, PROJECT, AND INSTALLATION WORKS DEPT.), AND APPRISE THEM OF FOREGOING IN BEST WAY IT SEES FIT.

6. EXIM WILL MEANWHILE HOLD THIS AS PENDING MATTER WITHOUT TAKING FURTHER IMMEDIATE ACTION ONE WAY OR OTHER. GRATEFUL FOR EMBASSY'S ASSISTANCE IN THIS TRANSACTION WHICH UNFORTUNATELY MUST BE CONSIDERED IN LIGHT OF CURRENT TURKISH EXTERNAL PAYMENTS PROBLEM. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINING, EQUIPMENT, FINANCIAL PROGRAMS
Control Number: n/a
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Sent Date: 17-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: L M LAROCHE:EMC
Enclosure: n/a
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Film Number: D770217-0431
Format: TEL
From: STATE
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Original Classification: LIMITED OFFICIAL USE
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Reference: 77 ANKARA 1437
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
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Review Withdrawn Fields: n/a
SAS ID: 2109071
Secure: OPEN
Status: NATIVE
Subject: EXIM FINANCING FOR TKI
TAGS: EFIN, TU, XMB, TKI
To: ANKARA
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/c9f0fb7a-c288-dd11-92da-001cc4696bcc
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